

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CADSOFT CORPORATION, a foreign)	No. C-06-4255 SC
corporation,)	
)	
Plaintiff,)	
)	ORDER GRANTING
v.)	PLAINTIFF'S MOTION
)	FOR SUMMARY
RIVERDEEP, LLC, a Delaware Limited)	ADJUDICATION AND
Liability Company,)	DENYING DEFENDANT'S
)	<u>MOTION TO CONTINUE</u>
Defendant.)	
_____)	
)	
RIVERDEEP, LLC, a Delaware Limited)	
Liability Company,)	
)	
Third-Party Plaintiff,)	
)	
v.)	
)	
PUNCH SOFTWARE, LLC, a Delaware)	
corporation,)	
)	
Third-Party Defendant.)	
_____)	

I. INTRODUCTION

Presently before the Court are two related motions. The first is a Motion for Summary Adjudication filed by Plaintiff Cadsoft Corporation ("Plaintiff" or "Cadsoft"). Pl.'s Mot., Docket No. 27. Plaintiff seeks a ruling on its First and Second Claims for Relief as well as Defendant's Sixth Affirmative Defense. See id. at 1. The second is a Motion to Continue filed by Defendant Riverdeep, LLC ("Defendant" or "Riverdeep"). Def.'s

1 Mot. to Continue, Docket No. 40. Defendant seeks a continuance in
2 order to conduct additional discovery in response to Plaintiff's
3 Motion. See id. at 2.

4 For the reasons described herein, Plaintiff's Motion for
5 Summary Adjudication is GRANTED as to its First and Second Claims
6 for Relief and Defendant's Sixth Affirmative Defense. Defendant's
7 Motion to Continue is DENIED.

8
9 **II. BACKGROUND**

10 On January 7, 2002, Cadsoft entered into a Software
11 Development and Publishing Agreement (the "Agreement") with
12 Broderbund Properties. See Def.'s Opp'n at 3. Under the
13 Agreement, Cadsoft would develop home architecture software and
14 Broderbund would publish that software under a copyright license
15 while paying fees and royalties to Cadsoft. See Pl.'s Mot. at 2.
16 In February 2003, Broderbund, Riverdeep, and Cadsoft executed an
17 amendment to the Agreement assigning Broderbund's rights to
18 Riverdeep. See Piasecki Decl., Ex. A. Cadsoft gave its express
19 consent to the assignment of the copyright license. See id.

20 On October 12, 2004, Riverdeep assigned the Agreement to
21 Punch Software, LLC ("Punch"). See Piasecki Decl., Ex. B.
22 Riverdeep did not obtain Cadsoft's express consent for the
23 assignment. See id. Cadsoft asserts that Riverdeep's failure to
24 obtain express consent invalidates the assignment under federal
25 copyright law. See Pl.'s Mot. at 11. By contrast, Riverdeep
26 asserts that Cadsoft's claims are barred because Cadsoft was aware
27 of the deal and accepted its benefits. See Def.'s Opp'n at 13.

III. LEGAL STANDARD

Under Rule 56(c), "[a] summary judgment, interlocutory in character, may be rendered on the issue of liability alone although there is a genuine issue as to the amount of damages." Fed. R. Civ. P. 56(c). Summary judgment is appropriate only "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact." Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986). A genuine issue of fact exists when the non-moving party produces evidence on which a reasonable trier of fact could find in its favor viewing the record as a whole in light of the evidentiary burden the law places on that party. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252-56 (1986). Summary judgment is therefore appropriate against a party "who fails to make a showing sufficient to establish the existence of an element essential to the party's case, and on which that party will bear the burden of proof at trial." Celotex, 477 U.S. at 322-23. The more implausible the claim or defense asserted by the opposing party, the more persuasive its evidence must be to avoid summary judgment, see Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 587 (1986), but "[t]he evidence of the non-moving party is to be believed, and all justifiable inferences are to be drawn in its favor." Anderson, 477 U.S. at 255.

IV. DISCUSSION

Cadsoft asserts that it is entitled to summary adjudication

1 on the issue of liability because Riverdeep failed to obtain
2 Cadsoft's express consent before assigning its rights under the
3 copyright license Agreement to Punch. See Pl.'s Mot. at 1. There
4 are no material issues of fact regarding the assignment:
5 Riverdeep, the licensee, assigned the Agreement to Punch without
6 Cadsoft's, the licensor's, express consent and has failed to
7 present any evidence to the contrary. See Piasecki Decl.

8 In Gardner v. Nike, the Ninth Circuit resolved the issue in
9 question. 279 F.3d 779 (9th Cir. 2002). The court held that the
10 1976 Copyright Act "does not allow a copyright licensee to
11 transfer its rights under an exclusive license, without the
12 consent of the original licensor." Id. at 780. Upon a review of
13 the relevant portions of the Agreement, which were submitted under
14 seal, it is clear that Riverdeep was granted an exclusive license.
15 Thus, Riverdeep was required to obtain Cadsoft's consent before
16 assigning the Agreement. Riverdeep argues that it had Cadsoft's
17 consent because "Cadsoft knew of the intended assignment of the
18 Agreement to Punch months before it was effective, negotiated with
19 Riverdeep and Punch regarding the implications of the assignment,
20 and enforced its rights under the Agreement." Def.'s Opp'n at 1-
21 2. Construing the evidence in the light most favorable to
22 Riverdeep, Cadsoft's actions in this matter only rise to the level
23 of implied consent. This is not sufficient under the law, which
24 requires explicit, or express consent. "[T]here are strong policy
25 reasons to place the burden on the licensee to get the licensor's
26 explicit consent either during or after contract negotiations."
27 Gardner, 279 F.3d at 781 (emphasis added); see Miller v. Glenn

1 Miller Prods., 318 F. Supp. 2d 923, 938 (C.D. Cal. 2004)
2 ("copyright and trademark licensors share a common retained
3 interest in the ownership of their intellectual property-an
4 interest that would be severely diminished if a licensee were
5 allowed to sub-license without the licensor's express
6 permission").

7 Riverdeep's arguments in opposition to Cadsoft's motion fail
8 to overcome the bright-line rule requiring explicit consent for a
9 copyright assignment. First, as discussed earlier, there are no
10 material issues of fact related to Cadsoft's motion. Second,
11 Riverdeep's estoppel and waiver defenses fail because Riverdeep
12 never informed Cadsoft of the terms of the assignment prior to
13 executing the contract with Punch. See Piasecki Decl. Though
14 Cadsoft may have suspected that a deal between Riverdeep and Punch
15 was possible, that suspicion cannot overcome Riverdeep's legal and
16 contractual duty to obtain explicit consent from Cadsoft before
17 assignment. The policy implications supporting the express
18 consent requirement are strong. See Gardner, 279 F.3d at 781
19 (discussing that original licensors will be concerned with several
20 issues including the financial strength of the new company and its
21 intended use of the copyrighted material). Moreover, under the
22 Agreement any modifications were required to be in writing and
23 Riverdeep clearly failed to get Cadsoft's written consent to
24 involve Punch in the license. See Pl.'s Reply at 13. Finally,
25 Cadsoft has standing to object to the improper assignment of its
26 copyright and breach of its contract with Riverdeep. In Gardner,
27 the court stated that the improper sublicensee lacked standing

1 because it had no legally cognizable interest in the suit. See
2 279 F.3d at 777. By contrast, Cadsoft has a legally cognizable
3 interest in the use of its own copyrighted material.

4 Before responding to Cadsoft's motion for summary
5 adjudication, Riverdeep filed a motion to continue in order to
6 conduct additional discovery in response to Cadsoft's motion. To
7 succeed on this Rule 56(f) motion, Riverdeep "must show (1) that
8 they have set forth in affidavit form the specific facts that they
9 hope to elicit from further discovery, (2) that the facts sought
10 exist, and (3) that these sought-after facts are 'essential' to
11 resist the summary judgment motion." State of California v.
12 Campbell, 138 F.3d 772, 779 (9th Cir. 1998). As previously
13 discussed, under the law relevant to Cadsoft's summary
14 adjudication motion, Riverdeep must present facts demonstrating
15 that Cadsoft expressly consented to the assignment. In its Motion
16 to Continue, Riverdeep has not asserted that documents
17 demonstrating Cadsoft's express consent exist. See Def.'s Mot. to
18 Continue at 5. Riverdeep instead argues that Cadsoft's internal
19 communications and communications with Punch are likely to
20 indicate express consent. However, as discussed above, express
21 consent requires an explicit agreement between Cadsoft and
22 Riverdeep. If an express consent agreement existed in this case,
23 both Riverdeep and Cadsoft would possess an executed document.
24 Since a consent agreement was never created, see Piasecki Decl.,
25 additional discovery would be futile. Riverdeep has thus failed
26 to explain how any additional discovery will reveal the essential
27 //

1 facts necessary to resist Cadsoft's motion.

2
3 **V. CONCLUSION**

4 For the reasons discussed herein, Plaintiff's Motion for
5 Summary Adjudication is GRANTED as to its First and Second Claims
6 for Relief and Defendant's Sixth Affirmative Defense. Defendant's
7 Motion to Continue is DENIED.

8
9 IT IS SO ORDERED.

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11 Dated: May 18, 2007

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UNITED STATES DISTRICT JUDGE

United States District Court
For the Northern District of California